GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:328
ANSWERED ON:18.08.2006
ALLOCATION OF LOAN FOR DEVELOPMENT OF RURAL AREAS
Singh Shri Rakesh

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that the total loan amount allocated to the rural areas of the country is comparatively lower than that allocated to the metropolitan cities ;

(b) if so, the details thereof ;

(c) whether the Government proposes to earmark a fixed amount out of the total loan amount for the development of rural areas where country`s 75% population reside; and

(d) if so, the details thereof and if not the reasons therefor ?

Answer

THE MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (d) The total agriculture credit disbursed in 2005-06 by Scheduled Commercial Banks, Regional Rural Banks and Cooperative Banks was Rs. 1,67,775 crore (Provisional), which represent a growth of 34% over the disbursement of Rs. 1,25,309 crore in 2004-05.

As per the instructions issued by the Reserve Bank of India (RBI) on Priority Sector Lending, all Scheduled Commercial Banks (SCBs), excluding Foreign Banks have to ensure a minimum of 18% of their Net Bank Credit(NBC) to Agriculture Sector. The total outstanding agricultural advances of Public Sector Banks as on the last reporting Friday of March, 2004, 2005 and 2006 (provisional) are Rs. 86,186.77, Rs. 1,12,474.95 and Rs.1,54,900.12 crores respectively, which is 15.41%, 15.65% and 15.22% of Net Bank Credit.

Quite often, the operations of the entities are in rural areas and their corporate offices/head offices are located in urban areas. Hence, it is not possible to clearly demarcate credit flowing into rural or urban/metropolitan areas.